



General Assembly

January Session, 2009

Committee Bill No. 16

LCO No. 2425

* SB00016AGEFIN030809 *

Referred to Committee on Select Committee on Aging

Introduced by:
(AGE)

AN ACT CONCERNING AN INCOME TAX DEDUCTION FOR LONG-TERM CARE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 12-701 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage and applicable to taxable years commencing on or after January 1,*
4 *2009*):

5 (a) For purposes of this chapter:

6 (1) "Resident of this state" means any natural person (A) who is
7 domiciled in this state, unless (i) the person maintains no permanent
8 place of abode in this state, maintains a permanent place of abode
9 elsewhere and spends in the aggregate not more than thirty days of the
10 taxable year in this state, or (ii) within any period of five hundred
11 forty-eight consecutive days the person is present in a foreign country
12 or countries for at least four hundred fifty days, and during such
13 period of five hundred forty-eight consecutive days the person is not
14 present in this state for more than ninety days and does not maintain a
15 permanent place of abode in this state at which such person's spouse,

16 unless such spouse is legally separated, or minor children are present
17 for more than ninety days, and during the nonresident portion of the
18 taxable year with or within which such period of five hundred forty-
19 eight consecutive days begins and the nonresident portion of the
20 taxable year with or within which such period ends, such person is
21 present in this state for a number of days which does not exceed an
22 amount which bears the same ratio to ninety as the number of days
23 contained in such portion of the taxable year bears to five hundred
24 forty-eight, or (B) who is not domiciled in this state but maintains a
25 permanent place of abode in this state and is in this state for an
26 aggregate of more than one hundred eighty-three days of the taxable
27 year, unless such person, not being domiciled in this state, is in active
28 service in the armed forces of the United States.

29 (2) "Nonresident of this state" means any natural person who is not
30 a resident of this state for any portion of the taxable year.

31 (3) "Part-year resident of this state" means any natural person who is
32 not either a resident of this state for the entire taxable year or a
33 nonresident of this state for the entire taxable year.

34 (4) "Resident trust or estate" means (A) the estate of a decedent who
35 at the time of his death was a resident of this state, (B) the estate of a
36 person who, at the time of commencement of a case under Title 11 of
37 the United States Code, was a resident of this state, (C) a trust, or a
38 portion of a trust, consisting of property transferred by will of a
39 decedent who at the time of his death was a resident of this state, and
40 (D) a trust, or a portion of a trust, consisting of the property of (i) a
41 person who was a resident of this state at the time the property was
42 transferred to the trust if the trust was then irrevocable, (ii) a person
43 who, if the trust was revocable at the time the property was transferred
44 to the trust, and has not subsequently become irrevocable, was a
45 resident of this state at the time the property was transferred to the
46 trust or (iii) a person who, if the trust was revocable when the property
47 was transferred to the trust but the trust has subsequently become
48 irrevocable, was a resident of this state at the time the trust became

49 irrevocable. For purposes of this chapter, if any trust or portion of a
50 trust, other than a trust created by the will of a decedent, has one or
51 more nonresident noncontingent beneficiaries, the Connecticut taxable
52 income of the trust, as defined in subdivision (9) of this subsection,
53 shall be modified as follows: The Connecticut taxable income of the
54 trust shall be the sum of all such income derived from or connected
55 with sources within this state and that portion of such income derived
56 from or connected with all other sources which is derived by applying
57 to all such income derived from or connected with all other sources a
58 fraction the numerator of which is the number of resident
59 noncontingent beneficiaries and the denominator of which is the total
60 number of noncontingent beneficiaries. For purposes of section 12-
61 700a, if any trust or portion of a trust, other than a trust created by the
62 will of a decedent, has one or more nonresident noncontingent
63 beneficiaries, its adjusted federal alternative minimum taxable income,
64 as defined in section 12-700a shall be modified as follows: The adjusted
65 federal alternative minimum taxable income of the trust shall be the
66 sum of all such income derived from or connected with sources within
67 this state and that portion of such income derived from or connected
68 with all other sources which is derived by applying to all such income
69 derived from or connected with all other sources a fraction, the
70 numerator of which is the number of resident noncontingent
71 beneficiaries and the denominator of which is the total number of
72 noncontingent beneficiaries. As used in this subdivision,
73 "noncontingent beneficiary" means a beneficiary whose interest is not
74 subject to a condition precedent.

75 (5) "Nonresident trust or estate" means any trust or estate other than
76 a resident trust or estate or a part-year resident trust.

77 (6) "Part-year resident trust" means any trust which is not either a
78 resident trust or a nonresident trust for the entire taxable year.

79 (7) "Taxable year" means taxable year as determined in accordance
80 with section 12-708.

81 (8) "Connecticut taxable income of a resident" means the
82 Connecticut adjusted gross income of a natural person with respect to
83 any taxable year reduced by the amount of the exemption provided in
84 section 12-702.

85 (9) "Connecticut taxable income of a resident trust or estate" shall
86 mean the taxable income of the fiduciary of such trust or estate as
87 determined for purposes of the federal income tax, to which (A) there
88 shall be added or subtracted, as the case may be, the share of the trust
89 or estate, as determined under section 12-716, in the Connecticut
90 fiduciary adjustment and (B) with respect to any trust, there shall be
91 added the amount of any includable gain, reduced by any deductions
92 properly allocable thereto, upon which a tax is imposed for the taxable
93 year pursuant to Section 644 of the Internal Revenue Code.

94 (10) "Connecticut fiduciary adjustment" means the net positive or
95 negative total of the following items relating to income, gain, loss or
96 deduction of a trust or estate: (A) There shall be added together (i) any
97 interest income from obligations issued by or on behalf of any state,
98 political subdivision thereof, or public instrumentality, state or local
99 authority, district or similar public entity, exclusive of such income
100 from obligations issued by or on behalf of the state of Connecticut, any
101 political subdivision thereof, or public instrumentality, state or local
102 authority, district or similar public entity created under the laws of the
103 state of Connecticut and exclusive of any such income with respect to
104 which taxation by any state is prohibited by federal law, (ii) any
105 exempt-interest dividends, as defined in Section 852 (b)(5) of the
106 Internal Revenue Code, exclusive of such exempt-interest dividends
107 derived from obligations issued by or on behalf of the state of
108 Connecticut, any political subdivision thereof, or public
109 instrumentality, state or local authority, district or similar public entity
110 created under the laws of the state of Connecticut and exclusive of
111 such exempt-interest dividends derived from obligations, the income
112 with respect to which taxation by any state is prohibited by federal
113 law, (iii) any interest or dividend income on obligations or securities of

114 any authority, commission or instrumentality of the United States
115 which federal law exempts from federal income tax but does not
116 exempt from state income taxes, (iv) to the extent properly includable
117 in determining the net gain or loss from the sale or other disposition of
118 capital assets for federal income tax purposes, any loss from the sale or
119 exchange of obligations issued by or on behalf of the state of
120 Connecticut, any political subdivision thereof, or public
121 instrumentality, state or local authority, district or similar public entity
122 created under the laws of the state of Connecticut, in the income year
123 such loss was recognized, (v) to the extent deductible in determining
124 federal taxable income prior to deductions relating to distributions to
125 beneficiaries, any income taxes imposed by this state, (vi) to the extent
126 deductible in determining federal taxable income prior to deductions
127 relating to distributions to beneficiaries, any interest on indebtedness
128 incurred or continued to purchase or carry obligations or securities the
129 interest on which is exempt from tax under this chapter, and (vii)
130 expenses paid or incurred during the taxable year for the production
131 or collection of income which is exempt from tax under this chapter, or
132 the management, conservation or maintenance of property held for the
133 production of such income, and the amortizable bond premium for the
134 taxable year on any bond the interest on which is exempt from taxation
135 under this chapter, to the extent that such expenses and premiums are
136 deductible in determining federal taxable income prior to deductions
137 relating to distributions to beneficiaries. (B) There shall be subtracted
138 from the sum of such items (i) to the extent properly includable in
139 gross income for federal income tax purposes, any income with respect
140 to which taxation by any state is prohibited by federal law, (ii) to the
141 extent allowable under section 12-718, exempt dividends paid by a
142 regulated investment company, (iii) with respect to any trust or estate
143 which is a shareholder of an S corporation which is carrying on, or
144 which has the right to carry on, business in this state, as said term is
145 used in section 12-214, the amount of such shareholder's pro rata share
146 of such corporation's nonseparately computed items, as defined in
147 Section 1366 of the Internal Revenue Code, that is subject to tax under
148 chapter 208, in accordance with subsection (c) of section 12-217

149 multiplied by such corporation's apportionment fraction, if any, as
150 determined in accordance with section 12-218, (iv) to the extent
151 properly includable in gross income for federal income tax purposes,
152 any interest income from obligations issued by or on behalf of the state
153 of Connecticut, any political subdivision thereof, or public
154 instrumentality, state or local authority, district or similar public entity
155 created under the laws of the state of Connecticut, (v) to the extent
156 properly includable in determining the net gain or loss from the sale or
157 other disposition of capital assets for federal income tax purposes, any
158 gain from the sale or exchange of obligations issued by or on behalf of
159 the state of Connecticut, any political subdivision thereof, or public
160 instrumentality, state or local authority, district or similar public entity
161 created under the laws of the state of Connecticut, in the income year
162 such gain was recognized, (vi) any interest on indebtedness incurred
163 or continued to purchase or carry obligations or securities the interest
164 on which is subject to tax under this chapter, but exempt from federal
165 income tax, to the extent that such interest on indebtedness is not
166 deductible in determining federal taxable income prior to deductions
167 relating to distributions to beneficiaries, (vii) ordinary and necessary
168 expenses paid or incurred during the taxable year for the production
169 or collection of income which is subject to taxation under this chapter,
170 but exempt from federal income tax, or the management, conservation
171 or maintenance of property held for the production of such income,
172 and the amortizable bond premium for the taxable year on any bond
173 the interest on which is subject to tax under this chapter, but exempt
174 from federal income tax, to the extent that such expenses and
175 premiums are not deductible in determining federal taxable income
176 prior to deductions relating to distributions to beneficiaries, and (viii)
177 the amount of any refund or credit for overpayment of income taxes
178 imposed by this state, to the extent properly includable in gross
179 income for federal income tax purposes for the taxable year and to the
180 extent deductible in determining federal taxable income prior to
181 deductions relating to distributions to beneficiaries for the preceding
182 taxable year.

183 (11) "Estimated tax" means the amount which the individual
184 estimates to be his income tax under this chapter for the taxable year
185 less the amount which such individual estimates to be the sum of any
186 credits allowable for tax withheld.

187 (12) "Required annual payment" means the lesser of (A) ninety per
188 cent of the tax shown on the return for the taxable year, or, if no return
189 is filed, ninety per cent of the tax for such year, or (B) if the preceding
190 taxable year was a taxable year of twelve months and the individual
191 filed a return for the preceding taxable year, one hundred per cent of
192 the tax shown on the return of the individual for such preceding
193 taxable year.

194 (13) "Regulated investment company" means a regulated investment
195 company as defined in Section 851 of the Internal Revenue Code.

196 (14) "Exempt dividends" means any dividend or part thereof, other
197 than a capital gain dividend, paid by a regulated investment company
198 and designated by it as an exempt dividend, in accordance with
199 section 12-718, in a written notice mailed to its shareholders not later
200 than sixty days after the close of its taxable year.

201 (15) "Taxpayer" means any person, trust or estate subject to the tax
202 imposed under this chapter.

203 (16) "Internal Revenue Code" means the Internal Revenue Code of
204 1986, or any subsequent corresponding internal revenue code of the
205 United States, as from time to time amended.

206 (17) "S corporation" means any corporation which is an S
207 corporation for federal income tax purposes.

208 (18) "Person" means a person as defined in section 12-1, but shall not
209 include any corporation or association which is taxable as a
210 corporation for the purposes of chapter 208, provided, for purposes of
211 sections 12-735, 12-736 and 12-737, the term "person" shall include an
212 individual, corporation or partnership and any officer or employee of

213 any corporation, including a dissolved corporation, and a member or
214 employee of any partnership who, as such officer, employee or
215 member, is under a duty to perform the act in respect of which the
216 violation occurs.

217 (19) "Adjusted gross income" means the adjusted gross income of a
218 natural person with respect to any taxable year, as determined for
219 federal income tax purposes and as properly reported on such person's
220 federal income tax return.

221 (20) "Connecticut adjusted gross income" means adjusted gross
222 income, with the following modifications:

223 (A) There shall be added thereto (i) to the extent not properly
224 includable in gross income for federal income tax purposes, any
225 interest income from obligations issued by or on behalf of any state,
226 political subdivision thereof, or public instrumentality, state or local
227 authority, district or similar public entity, exclusive of such income
228 from obligations issued by or on behalf of the state of Connecticut, any
229 political subdivision thereof, or public instrumentality, state or local
230 authority, district or similar public entity created under the laws of the
231 state of Connecticut and exclusive of any such income with respect to
232 which taxation by any state is prohibited by federal law, (ii) any
233 exempt-interest dividends, as defined in Section 852(b)(5) of the
234 Internal Revenue Code, exclusive of such exempt-interest dividends
235 derived from obligations issued by or on behalf of the state of
236 Connecticut, any political subdivision thereof, or public
237 instrumentality, state or local authority, district or similar public entity
238 created under the laws of the state of Connecticut and exclusive of
239 such exempt-interest dividends derived from obligations, the income
240 with respect to which taxation by any state is prohibited by federal
241 law, (iii) any interest or dividend income on obligations or securities of
242 any authority, commission or instrumentality of the United States
243 which federal law exempts from federal income tax but does not
244 exempt from state income taxes, (iv) to the extent included in gross
245 income for federal income tax purposes for the taxable year, the total

246 taxable amount of a lump sum distribution for the taxable year
247 deductible from such gross income in calculating federal adjusted
248 gross income, (v) to the extent properly includable in determining the
249 net gain or loss from the sale or other disposition of capital assets for
250 federal income tax purposes, any loss from the sale or exchange of
251 obligations issued by or on behalf of the state of Connecticut, any
252 political subdivision thereof, or public instrumentality, state or local
253 authority, district or similar public entity created under the laws of the
254 state of Connecticut, in the income year such loss was recognized, (vi)
255 to the extent deductible in determining federal adjusted gross income,
256 any income taxes imposed by this state, (vii) to the extent deductible in
257 determining federal adjusted gross income, any interest on
258 indebtedness incurred or continued to purchase or carry obligations or
259 securities the interest on which is exempt from tax under this chapter,
260 (viii) expenses paid or incurred during the taxable year for the
261 production or collection of income which is exempt from taxation
262 under this chapter or the management, conservation or maintenance of
263 property held for the production of such income, and the amortizable
264 bond premium for the taxable year on any bond the interest on which
265 is exempt from tax under this chapter to the extent that such expenses
266 and premiums are deductible in determining federal adjusted gross
267 income, and (ix) for property placed in service after September 10,
268 2001, but prior to September 11, 2004, in taxable years ending after
269 September 10, 2001, any additional allowance for depreciation under
270 subsection (k) of Section 168 of the Internal Revenue Code, as provided
271 by Section 101 of the Job Creation and Worker Assistance Act of 2002,
272 to the extent deductible in determining federal adjusted gross income.

273 (B) There shall be subtracted therefrom (i) to the extent properly
274 includable in gross income for federal income tax purposes, any
275 income with respect to which taxation by any state is prohibited by
276 federal law, (ii) to the extent allowable under section 12-718, exempt
277 dividends paid by a regulated investment company, (iii) the amount of
278 any refund or credit for overpayment of income taxes imposed by this
279 state, or any other state of the United States or a political subdivision

280 thereof, or the District of Columbia, to the extent properly includable
281 in gross income for federal income tax purposes, (iv) to the extent
282 properly includable in gross income for federal income tax purposes
283 and not otherwise subtracted from federal adjusted gross income
284 pursuant to clause (x) of this subparagraph in computing Connecticut
285 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
286 extent any additional allowance for depreciation under Section 168(k)
287 of the Internal Revenue Code, as provided by Section 101 of the Job
288 Creation and Worker Assistance Act of 2002, for property placed in
289 service after December 31, 2001, but prior to September 10, 2004, was
290 added to federal adjusted gross income pursuant to subparagraph
291 (A)(ix) of this subdivision in computing Connecticut adjusted gross
292 income for a taxable year ending after December 31, 2001, twenty-five
293 per cent of such additional allowance for depreciation in each of the
294 four succeeding taxable years, (vi) to the extent properly includable in
295 gross income for federal income tax purposes, any interest income
296 from obligations issued by or on behalf of the state of Connecticut, any
297 political subdivision thereof, or public instrumentality, state or local
298 authority, district or similar public entity created under the laws of the
299 state of Connecticut, (vii) to the extent properly includable in
300 determining the net gain or loss from the sale or other disposition of
301 capital assets for federal income tax purposes, any gain from the sale
302 or exchange of obligations issued by or on behalf of the state of
303 Connecticut, any political subdivision thereof, or public
304 instrumentality, state or local authority, district or similar public entity
305 created under the laws of the state of Connecticut, in the income year
306 such gain was recognized, (viii) any interest on indebtedness incurred
307 or continued to purchase or carry obligations or securities the interest
308 on which is subject to tax under this chapter but exempt from federal
309 income tax, to the extent that such interest on indebtedness is not
310 deductible in determining federal adjusted gross income and is
311 attributable to a trade or business carried on by such individual, (ix)
312 ordinary and necessary expenses paid or incurred during the taxable
313 year for the production or collection of income which is subject to
314 taxation under this chapter but exempt from federal income tax, or the

315 management, conservation or maintenance of property held for the
316 production of such income, and the amortizable bond premium for the
317 taxable year on any bond the interest on which is subject to tax under
318 this chapter but exempt from federal income tax, to the extent that
319 such expenses and premiums are not deductible in determining federal
320 adjusted gross income and are attributable to a trade or business
321 carried on by such individual, (x) (I) for a person who files a return
322 under the federal income tax as an unmarried individual whose
323 federal adjusted gross income for such taxable year is less than fifty
324 thousand dollars, or as a married individual filing separately whose
325 federal adjusted gross income for such taxable year is less than fifty
326 thousand dollars, or for a husband and wife who file a return under
327 the federal income tax as married individuals filing jointly whose
328 federal adjusted gross income for such taxable year is less than sixty
329 thousand dollars or a person who files a return under the federal
330 income tax as a head of household whose federal adjusted gross
331 income for such taxable year is less than sixty thousand dollars, an
332 amount equal to the Social Security benefits includable for federal
333 income tax purposes; and (II) for a person who files a return under the
334 federal income tax as an unmarried individual whose federal adjusted
335 gross income for such taxable year is fifty thousand dollars or more, or
336 as a married individual filing separately whose federal adjusted gross
337 income for such taxable year is fifty thousand dollars or more, or for a
338 husband and wife who file a return under the federal income tax as
339 married individuals filing jointly whose federal adjusted gross income
340 from such taxable year is sixty thousand dollars or more or for a
341 person who files a return under the federal income tax as a head of
342 household whose federal adjusted gross income for such taxable year
343 is sixty thousand dollars or more, an amount equal to the difference
344 between the amount of Social Security benefits includable for federal
345 income tax purposes and the lesser of twenty-five per cent of the Social
346 Security benefits received during the taxable year, or twenty-five per
347 cent of the excess described in Section 86(b)(1) of the Internal Revenue
348 Code, (xi) to the extent properly includable in gross income for federal
349 income tax purposes, any amount rebated to a taxpayer pursuant to

350 section 12-746, (xii) to the extent properly includable in the gross
351 income for federal income tax purposes of a designated beneficiary,
352 any distribution to such beneficiary from any qualified state tuition
353 program, as defined in Section 529(b) of the Internal Revenue Code,
354 established and maintained by this state or any official, agency or
355 instrumentality of the state, (xiii) to the extent allowable under section
356 12-701a, contributions to accounts established pursuant to any
357 qualified state tuition program, as defined in Section 529(b) of the
358 Internal Revenue Code, established and maintained by this state or
359 any official, agency or instrumentality of the state, (xiv) to the extent
360 properly includable in gross income for federal income tax purposes,
361 the amount of any Holocaust victims' settlement payment received in
362 the taxable year by a Holocaust victim, (xv) to the extent properly
363 includable in gross income for federal income tax purposes of an
364 account holder, as defined in section 31-51ww, interest earned on
365 funds deposited in the individual development account, as defined in
366 section 31-51ww, of such account holder, (xvi) to the extent properly
367 includable in the gross income for federal income tax purposes of a
368 designated beneficiary, as defined in section 3-123aa, interest,
369 dividends or capital gains earned on contributions to accounts
370 established for the designated beneficiary pursuant to the Connecticut
371 Homecare Option Program for the Elderly established by sections 3-
372 123aa to 3-123ff, inclusive, [and] (xvii) to the extent properly included
373 in gross income for federal income tax purposes, fifty per cent of the
374 income received from the United States government as retirement pay
375 for a retired member of (I) the Armed Forces of the United States, as
376 defined in Section 101 of Title 10 of the United States Code, or (II) the
377 National Guard, as defined in Section 101 of Title 10 of the United
378 States Code, and (xviii) expenses paid to a caregiver for the care of any
379 person seventy years of age or older related by blood, adoption or
380 marriage to the taxpayer, to the extent that the taxpayer either
381 provided the caregiver with a W-2 or 1099 federal tax form for the tax
382 year in which expenses were paid or employed the caregiver through
383 an agency that provided a W-2 or 1099 federal tax form to the
384 caregiver for the tax year in which expenses were paid.

385 (C) With respect to a person who is the beneficiary of a trust or
386 estate, there shall be added or subtracted, as the case may be, from
387 adjusted gross income such person's share, as determined under
388 section 12-714, in the Connecticut fiduciary adjustment.

389 (21) "Commissioner" means the Commissioner of Revenue Services
390 or his authorized agent.

391 (22) "Department" means the Department of Revenue Services.

392 (23) "Federal tentative minimum tax" means tentative minimum tax,
393 as determined pursuant to Section 55 of the Internal Revenue Code,
394 reduced by the alternative minimum tax foreign tax credit.

395 (24) "Adjusted federal tentative minimum tax" of an individual
396 means such individual's federal tentative minimum tax or, in the case
397 of an individual whose Connecticut adjusted gross income includes
398 modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi),
399 (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section
400 or subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix),
401 (B)(x), (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of this
402 section, the amount that would have been the federal tentative
403 minimum tax if such tax were calculated by including, to the extent not
404 includable in federal alternative minimum taxable income, the
405 modifications described in subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi),
406 (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section,
407 by excluding, to the extent includable in federal alternative minimum
408 taxable income, the modifications described in subparagraph (B)(i),
409 (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), (B)(xiii) or (B)(xv)
410 of subdivision (20) of subsection (a) of this section, and by excluding,
411 to the extent includable in federal alternative minimum taxable
412 income, the amount of any interest income or exempt-interest
413 dividends, as defined in Section 852(b)(5) of the Internal Revenue
414 Code, from obligations that are issued by or on behalf of the state of
415 Connecticut, any political subdivision thereof, or public
416 instrumentality, state or local authority, district, or similar public

417 entity that is created under the laws of the state of Connecticut, or from
418 obligations that are issued by or on behalf of any territory or
419 possession of the United States, any political subdivision of such
420 territory or possession, or public instrumentality, authority, district or
421 similar public entity of such territory or possession, the income with
422 respect to which taxation by any state is prohibited by federal law. If
423 such individual is a beneficiary of a trust or estate, then, in calculating
424 his or her federal tentative minimum tax, his or her federal alternative
425 taxable income shall be increased or decreased, as the case may be, by
426 the net amount of such individual's proportionate share of the
427 Connecticut fiduciary adjustment relating to modifications that are
428 described in, to the extent not includable in federal alternative
429 minimum taxable income, subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi),
430 (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this section,
431 or, to the extent includable in federal alternative minimum taxable
432 income, subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii), (B)(viii),
433 (B)(ix), (B)(x), (B)(xiii) or (B)(xv) of subdivision (20) of subsection (a) of
434 this section.

435 (25) "Net Connecticut minimum tax" means the amount by which
436 the Connecticut minimum tax exceeds the income tax imposed under
437 section 12-700.

438 (26) (A) "Connecticut minimum tax" of an individual means the
439 lesser of (i) nineteen per cent of the adjusted federal tentative
440 minimum tax, as defined in subdivision (24) of subsection (a) of this
441 section, or (ii) five and one-half per cent of the adjusted federal
442 alternative minimum taxable income, as defined in subdivision (30) of
443 this subsection. (B) "Connecticut minimum tax" of a trust or estate
444 means the lesser of (i) nineteen per cent of the adjusted federal
445 tentative minimum tax, as defined in subdivision (28) of this
446 subsection, or (ii) five and one-half per cent of the adjusted federal
447 alternative minimum taxable income, as defined in subdivision (31) of
448 this subsection.

449 (27) "Adjusted net Connecticut minimum tax" means (A) if the

Connecticut minimum tax is calculated under subparagraph (A)(i) or (B)(i), as the case may be, of subdivision (26) of this subsection, the excess, if any, of (i) the net Connecticut minimum tax, less the credit allowed under subsection (e) of section 12-700a, over (ii) the amount that would have been the net Connecticut minimum tax provided the adjustments and items of preference specified in Section 53(d) of the Internal Revenue Code had been used in determining the net Connecticut minimum tax, less the credit that would have been allowed under subsection (e) of section 12-700a for a similar tax determined by using only the adjustments and items of preference specified in Section 53(d) of the Internal Revenue Code, or (B) if the Connecticut minimum tax is calculated under subparagraph (A)(ii) or (B)(ii), as the case may be, of subdivision (26) of this subsection, then the product of the excess that is described in subparagraph (A) of this subdivision and that is determined without regard to said subparagraph (A)(ii) or (B)(ii), as the case may be, of subdivision (26) of this subsection, multiplied by a fraction, the numerator of which is the net Connecticut minimum tax, as if the Connecticut minimum tax were calculated under said subparagraph (A)(ii) or (B)(ii), as the case may be, of subdivision (26) of this subsection and the denominator of which is the net Connecticut minimum tax, as if the Connecticut minimum tax were calculated under said subparagraph (A)(i) or (B)(i), as the case may be, of subdivision (26) of this subsection.

(28) "Adjusted federal tentative minimum tax" of a trust or estate means its federal tentative minimum tax or, in the case of a trust or estate whose Connecticut taxable income includes modifications described in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v), (A)(vi) or (A)(vii) of subdivision (10) of subsection (a) of this section or subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of subdivision (10) of subsection (a) of this section, the amount that would have been the federal tentative minimum tax if such tax were calculated by including, to the extent not includable in federal alternative minimum taxable income, the modifications described in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v), (A)(vi) or (A)(vii) of

484 subdivision (10) of subsection (a) of this section, by excluding, to the
485 extent includable in federal alternative minimum taxable income, the
486 modifications described in subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv),
487 (B)(v), (B)(vi) or (B)(vii) of subdivision (10) of subsection (a) of this
488 section, and by excluding, to the extent includable in federal
489 alternative minimum taxable income, the amount of any interest
490 income or exempt-interest dividends, as defined in Section 852(b)(5) of
491 the Internal Revenue Code, from obligations that are issued by or on
492 behalf of the state of Connecticut, any political subdivision thereof, or
493 public instrumentality, state or local authority, district, or similar
494 public entity that is created under the laws of the state of Connecticut,
495 or from obligations that are issued by or on behalf of any territory or
496 possession of the United States, any political subdivision of such
497 territory or possession, or public instrumentality, authority, district or
498 similar public entity of such territory or possession, the income with
499 respect to which taxation by any state is prohibited by federal law. If
500 such trust or estate is itself a beneficiary of a trust or estate, then, for
501 purposes of calculating its adjusted federal alternative minimum tax,
502 its federal alternative minimum taxable income shall also be increased
503 or decreased, as the case may be, by the net amount of such trust or
504 estate's proportionate share of the Connecticut fiduciary adjustment
505 relating to modifications that are described, to the extent not
506 includable in federal alternative minimum taxable income, in
507 subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v), (A)(vi) or (A)(vii) of
508 subdivision (10) of subsection (a) of this section or to the extent
509 includable in federal alternative minimum taxable income,
510 subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of
511 subdivision (10) of subsection (a) of this section.

512 (29) "Federal alternative minimum taxable income" means
513 alternative minimum taxable income, as defined in Section 55(b)(2) of
514 the Internal Revenue Code.

515 (30) "Adjusted federal alternative minimum taxable income" of an
516 individual means his or her federal alternative minimum taxable

517 income or, in the case of an individual whose Connecticut adjusted
518 gross income includes modifications described in subparagraph (A)(i),
519 (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of
520 subsection (a) of this section or subparagraph (B)(i), (B)(ii), (B)(v),
521 (B)(vi), (B)(vii), (B)(viii), (B)(ix), (B)(x), (B)(xiii) or (B)(xv) of subdivision
522 (20) of subsection (a) of this section, the amount that would have been
523 the federal alternative minimum taxable income if such amount were
524 calculated by including, to the extent not includable in federal
525 alternative minimum taxable income, the modifications described in
526 subparagraph (A)(i), (A)(ii), (A)(v), (A)(vi), (A)(vii) or (A)(viii) of
527 subdivision (20) of subsection (a) of this section, by excluding, to the
528 extent includable in federal alternative minimum taxable income, the
529 modifications described in subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi),
530 (B)(vii), (B)(viii), (B)(ix), (B)(x), (B)(xiii) or (B)(xv) of subdivision (20) of
531 subsection (a) of this section, and by excluding, to the extent includable
532 in federal alternative minimum taxable income, the amount of any
533 interest income or exempt-interest dividends, as defined in Section
534 852(b)(5) of the Internal Revenue Code, from obligations that are
535 issued by or on behalf of the state of Connecticut, any political
536 subdivision thereof, or public instrumentality, state or local authority,
537 district, or similar public entity that is created under the laws of the
538 state of Connecticut, or from obligations that are issued by or on behalf
539 of any territory or possession of the United States, any political
540 subdivision of such territory or possession, or public instrumentality,
541 authority, district or similar public entity of such territory or
542 possession, the income with respect to which taxation by any state is
543 prohibited by federal law. If such individual is a beneficiary of a trust
544 or estate, then, for purposes of calculating his or her adjusted federal
545 alternative minimum taxable income, his or her federal alternative
546 minimum taxable income shall also be increased or decreased, as the
547 case may be, by the net amount of such individual's proportionate
548 share of the Connecticut fiduciary adjustment relating to modifications
549 to the extent not includable in federal alternative minimum taxable
550 income, that are described in subparagraph (A)(i), (A)(ii), (A)(v),
551 (A)(vi), (A)(vii) or (A)(viii) of subdivision (20) of subsection (a) of this

552 section or to the extent includable in federal alternative minimum
553 taxable income, subparagraph (B)(i), (B)(ii), (B)(v), (B)(vi), (B)(vii),
554 (B)(viii), (B)(ix), (B)(x), (B)(xiii) or (B)(xv) of subdivision (20) of
555 subsection (a) of this section.

556 (31) "Adjusted federal alternative minimum taxable income" of a
557 trust or estate means its federal alternative minimum taxable income
558 or, in the case of a trust or estate whose Connecticut taxable income
559 includes modifications described in subparagraph (A)(i), (A)(ii),
560 (A)(iv), (A)(v), (A)(vi) or (A)(vii) of subdivision (10) of subsection (a) of
561 this section or subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi)
562 or (B)(vii) of subdivision (10) of subsection (a) of this section, the
563 amount that would have been the federal alternative minimum taxable
564 income if such amount were calculated by including, to the extent not
565 includable in federal alternative minimum taxable income, the
566 modifications described in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v),
567 (A)(vi) or (A)(vii) of subdivision (10) of subsection (a) of this section,
568 by excluding, to the extent includable in federal alternative minimum
569 taxable income, the modifications described in subparagraph (B)(i),
570 (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of subdivision (10) of
571 subsection (a) of this section, and by excluding, to the extent includable
572 in federal alternative minimum taxable income, the amount of any
573 interest income or exempt-interest dividends, as defined in Section
574 852(b)(5) of the Internal Revenue Code, from obligations that are
575 issued by or on behalf of the state of Connecticut, any political
576 subdivision thereof, or public instrumentality, state or local authority,
577 district, or similar public entity that is created under the laws of the
578 state of Connecticut, or from obligations that are issued by or on behalf
579 of any territory or possession of the United States, any political
580 subdivision of such territory or possession, or public instrumentality,
581 authority, district or similar public entity of such territory or
582 possession, the income with respect to which taxation by any state is
583 prohibited by federal law. If such trust or estate is itself a beneficiary of
584 a trust or estate, then, for purposes of calculating its adjusted federal
585 alternative minimum taxable income, its federal alternative minimum

586 taxable income shall also be increased or decreased, as the case may be,
587 by the net amount of such trust or estate's proportionate share of the
588 Connecticut fiduciary adjustment relating to modifications that are
589 described, to the extent not includable in federal alternative minimum
590 taxable income, in subparagraph (A)(i), (A)(ii), (A)(iv), (A)(v), (A)(vi)
591 or (A)(vii) of subdivision (10) of subsection (a) of this section, or to the
592 extent includable in federal alternative minimum taxable income,
593 subparagraph (B)(i), (B)(ii), (B)(iii), (B)(iv), (B)(v), (B)(vi) or (B)(vii) of
594 subdivision (10) of subsection (a) of this section.

595 (32) "Pay" means the payment by an individual of the tax imposed
596 on his Connecticut adjusted gross income or the payment by a
597 fiduciary of a trust or estate of the tax imposed on its Connecticut
598 taxable income, and includes the payment over by an employer or
599 other person of the tax that such employer or other person is required
600 to collect, deduct or withhold and to truthfully account for.

601 (33) "Partnership" means a partnership as defined in Section
602 7701(a)(2) of the Internal Revenue Code and the regulations adopted
603 thereunder, as from time to time amended, and any reference in this
604 chapter or in regulations adopted under this chapter to a partnership
605 shall include a limited liability company that is treated as a partnership
606 for federal income tax purposes.

607 (34) "Partner" means a partner as defined in Section 7701(a)(2) of the
608 Internal Revenue Code and the regulations adopted thereunder, as
609 from time to time amended, and any reference in this chapter or in
610 regulations adopted under this chapter to a partner shall include a
611 member of a limited liability company that is treated as a partnership
612 for federal income tax purposes.

613 (35) "Holocaust victim settlement payment" means a payment
614 received: (A) As a result of a settlement of the action entitled In re
615 Holocaust Victims' Asset Litigation, C.A. No. 96-4849, in the United
616 States District Court for the Eastern District of New York; (B) under the
617 German act regulating unresolved property claims, also known as

618 Gesetz zur Regelung offener Vermögensfragen, or any other foreign
 619 law providing payments for Holocaust claims; or (C) as a result of the
 620 settlement of any other Holocaust claim, including insurance claims,
 621 claims relating to looted art, claims relating to looted financial assets,
 622 or claims relating to slave labor wages. "Holocaust victim settlement
 623 payment" includes any interest on any such payment accumulated or
 624 accrued through the date of payment. "Holocaust victim settlement
 625 payment" does not include any amount received from any asset
 626 acquired with any asset recovered, returned, or otherwise given as
 627 compensation to a Holocaust victim as a Holocaust victim settlement
 628 payment or with the proceeds from the sale of any asset recovered,
 629 returned, or otherwise given as compensation to a Holocaust victim as
 630 a Holocaust victim settlement payment.

631 (36) "Holocaust victim" means an individual who died or lost
 632 property as a result of discriminatory laws, policies or actions targeted
 633 against discrete groups of individuals based on race, religion,
 634 ethnicity, sexual orientation or national origin, whether or not the
 635 individual was actually a member of any of those groups, or because
 636 the individual assisted or allegedly assisted any of those groups,
 637 between January 1, 1929, and December 31, 1945, in the country of
 638 Nazi Germany, areas occupied by Nazi Germany, those European
 639 countries allied with Nazi Germany, areas occupied by those European
 640 countries allied with Nazi Germany or any other neutral European
 641 country or area in Europe under the influence or threat of invasion by
 642 Nazi Germany or by any European country allied with or occupied by
 643 Nazi Germany. "Holocaust victim" includes the spouse or descendant
 644 of a Holocaust victim.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2009</i>	12-701(a)
-----------	--	-----------

AGE

Joint Favorable C/R

FIN